

Message Text

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ACTION H-03

INFO OCT-01 NEA-06 ISO-00 SS-07 AID-01 NSC-06 /024 W

----- 094888

R 101432Z FEB 75

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 5583

INFO AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMCONSUL JERUSALEM

AMEMBASSY TEHRNA

C O N F I D E N T I A L TEL AVIV 0966

E.O.11652: GDS

TAGS: OREP(PRICE, MELVIN)

SUBJECT: CODEL PRICE

SUMMARY: DURING VISIT TO ISRAEL FEB 7-10. CODEL PRICE HAD OPPORTUNITY DISCUSS ECONOMIC, MILITARY AND POLITICAL IMPLICATIONS OF CURRENT ISRAELI REQUEST FOR U.S. MILITARY ASSISTANCE WITH WIDE RANGE OF ISRAELIS, HIGH SPOTS OF VISIT WRE TRIP TO GOLAN HEIGHTS ESCORTED BY CHIEF-OF-STAFF GUR, BRIEFING BY DEFMIN PERES; IN-DEPTH DISCUSSION OF ISRAELIECONOMY AND ITS ABILITY TO SERVICE INCREASING FOREIGN DEBT WITH FINMIN RABINOWITZ; AND WIDE-RANGING DISCUSSION WITH PRIMIN RABIN. CODEL RECEIVED FORCEFUL PRESENTATION OF ISRAELI CASE FOR CONTINUING US SUPPORT, BUT AT SAME TIME TOOK OCCASION TO ALERT ISRAELI LEADERS TO POSSIBLE DIFFICULTIES IN OBTAINING MAGNITUDE OF ASSISTANCE ISRAELIS ARE SEEKING. END SUMMARY.

1. CODEL PRICE SPENT VERY BUSY AND HIGHLY PRODUCTIVE TIME IN ISRAEL FEB. 7-10. ALTHOUGH CONFRONTED WITH JET LAG WEARINESS THROUGHOUT THEIR STAY, CODEL MEMBERS SEEMED TO THRIVE ON FULL AND INFORMATIVE SCHEDULE PREPARED PRIMARILY BY MINISTRY OF DEFENSE AND IDF.

2. EMBASSY BRIEFING SHORTLY AFTER ARRIVAL EVENING FEB 7. PROVIDED OPPORTUNITY FOR PEN AND INFORMAL EXCHANGE BETWEEN
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CODEL AND EMBASSY OFFICERS. CODEL QUESTIONS REFLECTED THEIR

INTEREST IN ISRAELI ECONOMY IN CONTEXT CURRENT GOI REQUEST FOR ASSISTANCE, WITH PARTICULAR FOCUS ON MAGNITUDES OF DEFENSE EXPENDITURES AND DEBT SERVICING IN RELATION TO GOI BUDGET AND GNP.

3. FEB. 9 WAS COMPLETELY IN HANDS OF MOD AND IDF. CODEL VISITED DISPLAY OF CAPTURED SOVIET EQUIPMENT AND RECEIVED BRIEFING WHICH HIGHLIGHTED NEW SOVIET TECHNIQUES AND TECHNOLOGY USED FOR FIRST TIME IN OCTOBER 1973 WAR. DEFMIN PERES ATTENDED AND PARTICIPATED FULLY IN BRIEFING. (ISRAELI ESCORTS EXPRESSED ADMIRATION AT KNOWLEDGE OF WEAPONRY DEMONSTRATED BY MOST CODEL MEMBERS). CODEL THEN HELICOPTERED TO BAAL HAZOR ON WEST BANK, MIDWAY BETWEEN JERUSALEM AND NABLUS, WHERE CHIEF-OF-STAFF DESCRIBED ELECTRONIC EARLY WARNING SYSTEM NOW BEING BUILT THERE BY IDF. GEN GUR ALSO ACCOMPANIED CODEL FOR FOUR-HOUR VISIT TO GOLAN HEIGHTS. WHILE ON HEIGHTS CODEL VISITED KIBBUTZ MEVO HAMMA OVERLOOKING SEA OF GALILEE, FLEW BY HELICOPTER OVER SOUTHERN PART OF GOLAN TO FORTIFICATION ON HILL DOMINATING KUNEITRA, AND LUNCED IDF-STYLE AT HQS COMMAND POST AT MAFFAH. GUR ACCOMPANIED THROUGHOUT, STRESSING REPEATEDLY THAT PRESENT IDF DEFENSE LINE BASED ON NEWLY FORTIFIED HILLS REPRESENTS ONLY MILITARILY DEFENSIBLE LINE ON GOLAN HEIGHTS.

4. CODEL RETURNED TO TEL AVIV AFTERNOON FEB. 9 FOR MILITARY BRIEFING PERSONALLY CONDUCTED BY PERES. DEFMIN BRIEFED FROM GRAPHICS STRESSING DISPARITY BETWEEN ARAB AND ISRAELI PERSONNEL AND EQUIPMENT FIGURES, ESPECIALLY AS PROJECTED INTO FUTURE. PERES SAID HE SUPPORTED STEP-BY-STEP APPROACH TO NEGOTIATIONS, BUT ISRAEL HAD RIGHT TO KNOW WHERE PROCESS WAS LEADING. SPIRITED Q&A SESSION FOLLOWED FORMAL BRIEFING, WITH PERES DEFTLY SIDE-STEPPING MANY QUESTIONS BUT NEVERTHELESS MAKING HIGHLY FAVORABLE IMPRESSION ON MEMBERS OF CODEL. DINNER HOSTED BY PERES FOLLOWED, DURING WHICH SEVERAL CODEL MEMBERS REMARKED WITH REGRET THAT THEY HAD FAILED TO DISCUSS WITH PERES SPECIFIC WEAPONS SYSTEMS IDF IS REQUESTING.

5. MORNING FEB. 9 WAS DEVOTED TO TOUR OF JERUSALEM, BEGINNING WITH VISIT TO YAD VESHEM (MEMORIAL TO HOLOCAUST VICTIMS), DURING WHICH CODEL WAS BRIEFED AND ESCORTED BY CHAIRMAN OF COMMITTEE

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RESPONSIBLE FOR MEMORIAL, MINISTER WITHOUT PORTFOLIO GIDEON HAUSNER. CODEL THEN SPENT ONE HOUR WITH MAYOR KOLLEK IN CITY COUNCIL CHAMBERS, FOLLOWING BUS TOUR WITH BRIEFING CONDUCTED EN ROUTE BY STAFF MEMBER OF ISRAEL MUSEUM, WHO PERFORMED SAME ROLE AT WAILING WALL. WALK-BY OF DOME OF THE ROCK AND ANDAL-AQSA MOSQUE WAS ACCOMPANIED BY BRIEFING FROM MUSLIM DEPUTY CLERK OF CITY COUNCIL, AND TOUR OF CHURCH OF HOLY SEPULCHRE WAS CONDUCTED BY AMERICAN FRANCISCAN MONK, WHO THEN

ACCOMPANIED GROUP TO BETHLEHEM.

6. CODEL HAD LUNCH AT KNESSET BUILDING WITH MEMBERS OF KNESSET COMMITTEE ON DEFENSE AND FOREIGN POLICY. HOST WAS KNESSET COMMITTEE CHAIRMAN YITZAK NAVON, WHO ALSO OFFERED SPEECH AND TOAST, AS DID OPPOSITION LEADER BEGIN, CHAIRMAN PRICE, AND SENIOR CODEL MINORITY MEMBER DICKINSON.

7. FOLLOWING LUNCH CODEL MET WITH FINMIN RABINOWITZ AND HIS CHIEF ASSISTANTS. RABINOWITZ EXPLAINED NEED FOR US ASSISTANCE OF \$2.5 BILLION IN FY-76, MAINLY TO FINANCE ARMS IMPORTS. ALSO SAID SERVICING OF FOREIGN DEBT WOULD REACH \$1.25 BILLION BY END OF THIS YEAR, BUT THAT ISRAEL WAS NEVERTHELESS CREDITWORTHY SINCE EXPORT EARNINGS AND REAL GNP SHOWING RESPECTABLE ANNUAL INCREASES. RE STATUS OF \$2.2 BILLION EMERGENCY ASSISTANCE ARISING FROM OCTOBER WAR, RABINOWITZ SAID ARMS WORTH \$1.5 BILLION HAVE BEEN DELIVERED, WITH REMAINING \$700 MILLION EARMARKED FOR PRODUCTION WITH FINAL DELIVERY EXPECTED THIS YEAR.

8. MEETING WITH PRIME MINISTER RABIN LASTED MORE THAN ONE HOUR. RABIN EFFECTIVELY PRESENTED NUMBER OF SUBJECTS RANGING FROM PHILOSOPHICAL BASIS FOR JEWISH STATE TO IMPLICATIONS FOR ISRAELI ECONOMY OF LARGE-SCALE US ASSISTANCE. HE STRESSED NEED FOR STRONG ISRAEL IN ORDER TO CONVINCE ARABS THAT WAR OPTION NOT AVAILABLE, THEREFORE FORCING THEM TO PURSUE DIPLOMATIC OPTION WHICH GOES THROUGH WASHINGTON RATHER THAN MOSCOW, HENCE STRONG ISRAEL IS IN US INTEREST. PRIME MINISTER CAME OUT STRONGLY IN FAVOR OF STEP-BY-STEP APPROACH TO NEGOTIATIONS, STATING HIS BELIEF THAT RISKS OF DOING NOTHING ARE GREATER THAN RISKS WHICH ARE INHERENT IN NEGOTIATING WITH ENEMY. ASKED ABOUT PALESTINIANS, HE REITERATED FAMILIAR THEM THAT SOLUTION TO PROBLEM OF PALESTINIANS CAN BE FOUND IN CONTEXT OF SETTLEMENT WITH JORDAN. RABIN REFUSED TO BE DRAWN INTO CONFIDENTIAL

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DISCUSSION OF HOW CURRENT ROUND OF NEGOTIATIONS WITH EGYPT MIGHT EVOLVE.

9. RECEPTION AT AMBASSADOR'S RESIDENCE EVENING FEB 9 AFFORDED OPPORTUNITY FOR CODEL TO MEET WITH ADDITIONAL ISRAELIS WHOSE VIEWS THEY HAD NOT YET HEARD. OBVIOUS FAVORITE OF GROUP WAS GENERAL ARIK SHARON, WHO APPEARED TO RELISH CHANCE TO LECTURE AMERICANS ON DANGERS OF WITHDRAWAL FROM EITHER GAZA OR OIL FIELDS IN ABSENCE OF REAL PEACE WITH EGYPT.

10. CODEL PRICE DEPARTED ISRAEL MID-MORNING FEB 10 FOR TEHRAN.

11. COMMENT. CODEL LEFT ISRAEL NO MORE RESTED THAN UPON ARRIVAL BUT SEEMINGLY GRATIFIED AT OPPORTUNITY TO DISCUSS REGIONAL ISSUES, IN PARTICULAR ISRAELI ARMS REQUESTS, WITH

TOP-RANKING LEADERSHIP OF COUNTRY. CODEL RECEIVED FORCEFUL
PRESENTATION OF ISRAELI CASE FOR CONTINUED US MILITARY
ASSISTANCE. AT SAME TIME, CODEL MEMBRS ALERTED ISRAELI
LEADERSHIP TO PROBLEM CONGRESS MAY HAVE WITH REQUEST FOR
ASSISTANCE OF SUCH MAGNITUDE IN VIEW OF PRESSURES ON AMERICAN
ECONOMY AT PRESENT TIME.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TELAV00966
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750048-0405
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750256/aaaabydb.tel
Line Count: 176
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION H
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUN 2003 by BoyleJA>; APPROVED <17 JUN 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CODEL PRICE SUMMARY: DURING VISIT TO ISRAEL FEB 7-10. CODEL PRICE HAD
TAGS: OREP, (PRICE, MELVIN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006